Probe of Possible Nixon Link With Foreign Bank

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Washington

A House subcommittee is investigating an Internal Revenue Service memorandum that raises a question whether former President Nixon had dealings in 1973 with a Bahamian bank linked to tax-evasion schemes involving hundreds of businessmen, politicians and Mafia figures, The Los Angeles Times learned yesterday.

The memo, sent from Florida to IRS headquarters in 1974, reported that a reliable undercover informant had seen the Nixon name on a computer printout at Castle Bank and Trust Co. Ltd. of Nassau.

More than 300 secret accounts at this private institution were targets of the subsequently curtailed IRS Project Haven.

The memo did not specify the nature of the printout on which the Nixon name allegedly appeared. The IRS document merely said that the informant saw the name in 1973 when Castle Bank was beginning to organize its computer records.

The former President repeatedly has denied having a secret foreign bank account.

Sources said that the IRS referred allegations that Mr. Nixon had a foreign bank account to the Watergate Special Prosecutor's office. It was understood that prosecutors have not confirmed the existence of such an account, although a final report on the issue has not been made.

Because of Bahamian bank secrecy laws, records of individual accounts are beyond the reach of U.S. subpoenas.

Project Haven and a broader investigation known as Operation Tradewinds date back a decade, but they only recently came to light in the midst of a controversy surrounding IRS Commissioner Donald C. Alexander.

Aimed at detecting allegedly massive schemes to evade U.S. income taxes, the operations were suspended last August by IRS headquarters, with Alexander and other officials contending that some of the evidence might have been illegally obtained. Within the past two weeks, the investigations have been partly resumed.

The conduct of Alexander, a Nixon appointee, and his agency is being investigated by two House subcommittees. The commissioner charged in an interview with the Times this week that he was being maligned by "a small goon squad of congressional investigators" and demanded an impartial inquiry by a joint committee of Congress.

The Nixon memo, reportedly written by special IRS agent Richard Jaffe, is among many confidential documents obtained by congressional investigators, it was learned.

It was learned that the Nixon document was discussed by subcommittee members at a closed meeting this week.

Jaffe and the undercover informant, identified only as TW-24, testified at the closed session. Members refused to discuss the substance of that testimony but said generally that they were impressed with the credibility of the witnesses.

The Castle Bank allegation concerning the Nixon name is separate from a previously disclosed charge — for which the IRS has found no foundation — that Mr. Nixon had deposited $5.9 million in oil company payments in the Nassau branch of the Swiss Bank Corp. This oil money allegation came from an unidentified Dallas oil company financial adviser whose credibility was judged to be dubious.

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